

B.C. BANCORP
(formerly Bank of British Columbia)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS


NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of B.C. Bancorp will be held in The Vancouver Renaissance Hotel, 1133 West Hastings Street, Vancouver, British Columbia on Friday the 21st day of April, 1995, at 10:30 a.m. Pacific Standard Time, for the purposes of:

1. receiving the Financial Statements for the year ended October 31, 1994, and the Auditor's Report thereon;
2. electing Directors;
3. appointing Auditors and fixing their remuneration;
4. approving the aggregate remuneration payable to Directors;
5. transacting such other business as may properly be brought before the Meeting.

Vancouver, British Columbia
March 7, 1995

By Order of the Board
WILLIAM J. BRYDEN
Secretary

Shareholders who are unable to attend the Meeting in person are requested to complete and return the enclosed form of proxy in the envelope provided to the Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, B.C. V6C 3B9 not later than the close of business on Thursday, April 20, 1995.



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B.C. BANCORP

(formerly Bank of British Columbia)

MANAGEMENT PROXY CIRCULAR

FOR THE YEAR ENDED OCTOBER 31, 1994

March 8, 1995

Suite 2085
200 Burrard Street
Vancouver, B.C., V6C 3L6
(604) 681-3911
Fax: (604) 681-2172

B.C. BANCORP
MANAGEMENT PROXY CIRCULAR
as of March 8, 1995

SOLICITATION OF PROXIES

THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF B.C. BANCORP (THE "COMPANY") of proxies for use at the Annual General Meeting of the Shareholders of the Company (the "Meeting") to be held on Friday, April 21, 1995, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. The solicitation will be primarily by mail, but proxies may also be solicited by employees of the Company at nominal cost. The cost of this solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO EITHER BY WRITING SUCH PERSON'S NAME IN THE SPACE PROVIDED ON THE FORM OF PROXY AND DELETING THE PRINTED NAMES OR BY COMPLETING ANOTHER PROPER FORM OF PROXY. A PERSON APPOINTED AS PROXYHOLDER NEED NOT BE A SHAREHOLDER OF THE COMPANY. THE FORM OF PROXY MUST BE SIGNED BY THE SHAREHOLDER, OR BY HIS OR HER ATTORNEY AUTHORIZED IN WRITING.

A Shareholder who has given a proxy may revoke it by an instrument in writing, executed by the Shareholder or by his or her attorney authorized in writing, and deposited at the Head Office of the Company, Suite 2085, 200 Burrard Street, Vancouver, B.C., V6C 3L6 not later than the close of business on the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING OF PROXIES

Shares represented by a properly executed proxy in favour of persons designated in the attached form of proxy will be voted on any ballot which may be held in accordance with the direction contained in the proxy. **IN THE ABSENCE OF SUCH DIRECTION THE PROXY WILL BE VOTED IN FAVOUR OF THE ELECTION OF THE NOMINEES FOR DIRECTORS, THE APPOINTMENT OF AUDITORS AND FIXING THEIR REMUNERATION, AND THE COMPENSATION OF DIRECTORS.**

THE ENCLOSED WHITE FORM OF PROXY CONFERS DISCRETIONARY POWER ON THE PERSONS NAMED THEREIN WITH RESPECT TO MATTERS NOT

SPECIFICALLY MENTIONED IN THE NOTICE OF MEETING BUT WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF AND WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING. In order to be valid, proxies must be delivered to Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, B.C., V6C 3B9 not later than the close of business on Thursday, April 20, 1995.

A simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of all matters submitted to a vote at the Meeting. If a proxyholder, other than those persons named in the enclosed form of proxy, is appointed, the Company assumes no responsibility in respect of whether or not such proxyholder votes those shares in accordance with instructions.

VOTING RIGHTS

As of March 7, 1995, there were authorized 33,964,324 fully paid and outstanding Common shares of the Company without nominal or par value. Each holder of Common shares of record as at the close of business on March 15, 1995 will be entitled to one vote in respect of each share held at that time, except as described below. However, a transferee of those Common shares acquired after March 15, 1995 who establishes his ownership of such shares, may require the Company, not later than ten days prior to the Meeting, to include his or her name on the list of shareholders entitled to vote at the Meeting.

VOTING RESTRICTIONS

Under the provisions of the Bank Act, the voting rights attached to shares of the Company may not be exercised in person or by proxy if:

- (a) the shares of the Company are held by a resident of Canada for the use or benefit of a non-resident of Canada;
- (b) the shares of any class of the Company held by the shareholder together with the total number of shares of such class held for that shareholder and others associated with him or her exceed 10% of the outstanding shares of such class of the Company; or
- (c) the shareholder holds the shares of the Company in the name or right of or for the use or benefit of the Government of Canada, or a Province, or an agent thereof (including an official or corporation administering, managing or investing a fund established to provide compensation, hospitalization, medical care, annuity, pension or similar benefits to particular classes of individuals, or moneys derived from such a fund) or the Government of a foreign state or political subdivision, or an agent thereof.

The foregoing is a summary only of the principal provisions of the Bank Act dealing with the restrictions on voting rights. A copy of the relevant sections of the Bank Act will be

forwarded to any Shareholder upon request made to the Secretary of the Company at the Company's Head Office.

To the knowledge of the Directors and Senior Officers of the Company, no Shareholder beneficially owns, directly or indirectly, shares carrying more than 10% of the votes attached to any class of outstanding shares of the Company.

ELECTION OF DIRECTORS

Pursuant to Section 159 of the Bank Act, the number of Directors constituting the Board must be at least seven (7). Pursuant to Section 1.01 of By-Law No. 1, the number of Directors constituting the Board must be fixed by the Board at not more than nine (9). The Company currently has seven (7) Directors and it is proposed to elect seven Directors at the Meeting to serve until the next Annual General Meeting of Shareholders. Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote for the nominees listed on the next page, all of whom are presently Directors. Although the Company does not contemplate that any of the nominees named below will be unavailable for election, in the event of any vacancies among these nominees, the persons named in the enclosed form of proxy reserve the right to vote in favour of another nominee in their discretion unless otherwise directed.

Set out on the next page is a summary of the record of attendance by Directors at Board and Board Committee meetings during the period from November 1, 1993 to October 31, 1994.

During this period, six (6) Board meetings were held in Vancouver. The Audit Committee held one (1) meeting and the Conduct Review Committee held four (4) meetings during the same period.

INFORMATION CONCERNING NOMINEES FOR DIRECTORS

| <u>Name and Address</u> | <u>Principal Occupation</u> | <u>Director Since</u> | <u>Common Shares Owned^(a)</u> | <u>Number of Meetings Attended</u> | | |
|-------------------------|---|-----------------------|--|------------------------------------|------------------------|---------------------------------|
| | | | | <u>Board</u> | <u>Audit Committee</u> | <u>Conduct Review Committee</u> |
| Arthur J. BLOCK* | President A.R. Holdings Ltd., investment company | May 06, 1980 | 4,780 | 2 | -- | 1 |
| William J. BRYDEN** | Chief Operating Officer, Ladner Downs, Barristers & Solicitors | July 01, 1989 | 1,000 | 6 | N/A | N/A |
| Melville B. COUVELIER* | Consultant | Jan. 26, 1993 | -- | 6 | 1 | 4 |
| Alistair L. DUNCAN* | Consultant | Jan. 26, 1993 | 1,000 | 6 | 1 | 4 |
| G. Edward MOUL* | Corporate Director | May 21, 1991 | 2,000 | 6 | 1 | 4 |
| Dale G. PARKER* | President, Workers' Compensation Board of B.C. | Nov. 23, 1992 | 500 | 5 | 1 | 3 |
| Peter H. STAFFORD*** | Partner, Russell & DuMoulin, Barristers & Solicitors | July 01, 1989 | 512 | 6 | N/A | N/A |

* Member of the Audit Committee, the Conduct Review Committee, and the Compensation Committee

** President, Chief General Manager & Chief Accountant of the Company

*** Chairman and Chief Executive Officer of the Company

The current term of office of each of the above nominees will expire at the Meeting.

- (a) This Column shows the number of common shares beneficially owned, directly or indirectly, or controlled by each of the nominees as reported to the Company.

EXECUTIVE COMPENSATION

Rules enacted by the Ontario government require specific disclosure for compensation payable to Named Executives. The only executive who is a Named Executive under the rules is the Chief Executive Officer, Mr. P.H. Stafford. Mr. Stafford is not paid any compensation by B.C. Bancorp. Russell & DuMoulin, a law firm in which Mr. Stafford is a partner, is entitled to bill the Bank for the time spent on bank business by Mr. Stafford at hourly rates commensurate with lawyers of his experience. Russell & DuMoulin has billed the following amounts to the Bank during the last three fiscal years for attendances by Mr. Stafford:

| | |
|-----------------------------|----------|
| Year ended October 31, 1994 | \$14,420 |
| Year ended October 31, 1993 | \$13,782 |
| Year ended October 31, 1992 | \$13,245 |

DIRECTORS' COMPENSATION

By-Law 1.07 was confirmed by the Shareholders at the Special Meeting in August 1993 as follows:

In each year, the remuneration to be paid to the directors as such in the aggregate shall not exceed \$32,000 or such lesser amount as may be determined annually at the Annual General Meeting by an Ordinary Resolution of shareholders. The directors shall apportion the aggregate amount among themselves as they deem appropriate.

Directors are also reimbursed for their reasonable out-of-pocket expenses. The five (5) outside directors have been paid an aggregate of \$32,000 for their services with respect to the year ended October 31, 1994. It is proposed that the aggregate amount of remuneration payable to directors for the coming fiscal year remain at \$32,000.

The following Ordinary Resolution will be placed before the Meeting:

"BE IT RESOLVED that the aggregate amount of remuneration payable to directors for the coming fiscal year remain at \$32,000."

OPTIONS TO PURCHASE SECURITIES

No options to purchase securities of the Company have been granted to any person or corporation since the commencement of the Company's last completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's last completed financial year, no Director or proposed management nominee for election as a Director or Officer or associate of or corporation controlled by such Director or Officer had any material interest in respect of any matter, direct or indirect, or in any proposed transaction that has materially affected or will materially affect the Company.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is a Director or a proposed management nominee for election as a Director or an Officer is or has been indebted to the Company at any time since the commencement of the Company's last completed financial year.

AUDITORS

The Bank Act requires the Shareholders of the Company to appoint at each Annual General Meeting one qualified firm of auditors to act as Auditor of the Company until the next Annual General Meeting.

It is intended that proxies which are received pursuant to this solicitation will be voted for the appointment of KPMG Peat Marwick Thorne as Auditor of the Company to hold such office until the next Annual General Meeting of Shareholders at a remuneration to be fixed by the Shareholders.

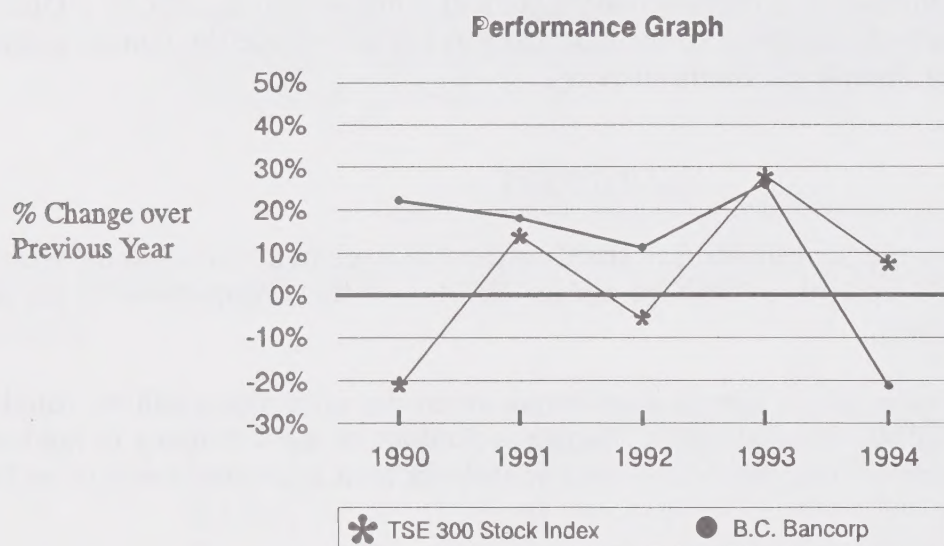
During the past five financial years, KPMG Peat Marwick Thorne (or a predecessor firm) were appointed auditors in 1990, 1991, 1992, 1993 and 1994; Deloitte & Touche (or a predecessor firm) in 1992; and Coopers & Lybrand in 1990 and 1991 in accordance with the rotation required by the previous Bank Act.

PENDING LEGAL MATTERS

The Company is subject to one legal action which arose in the normal course of its business as a chartered bank prior to the date of commencement of liquidation as well as a litigation action with respect to a pension surplus in the Bank's pension plan. The Appendix to this Circular contains particulars.

REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee consists of the five (5) outside directors. Due to the unique situation of the Bank, a bank in voluntary liquidation, compensation for the Chief Executive Officer, the only Named Executive of the Bank, cannot be based on the value of securities or other incentive based compensation. Russell & DuMoulin, a law firm in which Mr. Stafford is a partner, is entitled to bill the Bank for the time spent on bank business by Mr. Stafford at hourly rates commensurate with lawyers of his experience. The amounts billed by Russell & DuMoulin have been described earlier under the heading "Executive Compensation".



This graph compares the yearly percentage change in the issuer's cumulative shareholder return with the yearly total return of the TSE 300 Stock Index.

| | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>5 Year Cumulative Return</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|---|
| TSE 300 Stock Index | (21.2)% | 14.1% | (5.1)% | 27.6% | 0.8% | 9.5% |
| B.C. Bancorp * | 22.1% | 18.1% | 11.4% | 25.8% | (21.6)% | 58.6% |

* The shareholder return in each year was computed by comparing the closing prices of the common shares at each year end. The 1992 to 1994 prices were adjusted to reflect the return of capital in July, 1992 (\$1.00 per share) and October, 1993 (\$0.50 per share).

COMPENSATION COMMITTEE

- A.J. Block
- M.B. Couvelier
- A.L. Duncan
- G.E. Moul
- D.G. Parker

OTHER BUSINESS

At the date of this Management Proxy Circular the management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. IT SHOULD BE NOTED, HOWEVER, THAT THE ENCLOSED WHITE FORM OF PROXY IS A DISCRETIONARY PROXY AND IF ANY OTHER MATTER SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE ENCLOSED WHITE FORM OF PROXY WILL BE VOTED BY THE PERSONS NAMED THEREIN ON SUCH OTHER MATTERS IN ACCORDANCE WITH THEIR BEST JUDGMENT.

The Board of Directors has approved the content and the sending of this Management Proxy Circular on or about March 15, 1995.

William J. Bryden
Secretary

APPENDIX

PARTICULARS OF MATERIAL LITIGATION

Nissho Corporation v. Bank of B.C.

In May 1986, an action was commenced in the Court of Queen's Bench of Alberta by Nissho Corporation claiming recovery of approximately \$1,650,000 in respect of the value of certain inventory in the possession of Gainer Medical Canada Ltd. alleged to have been unlawfully seized by a receiver-manager appointed by the Company. Due to admissions made by Nissho in the course of Examinations for Discovery, the claim has been reduced to approximately \$400,000. The action was heard by the Court of Queen's Bench in Alberta in February, 1994 and the Judgment was against the Bank. Based on the advice of counsel, the Bank appealed the Judgment. The appeal was heard in January, 1995 and the Bank was unsuccessful. The action is now completed.

Pension Plan Surplus

In January 1987, an action was commenced by a number of pension plan members with respect to the Bank's right to a surplus in the Bank's employee pension plan. As at September 1, 1994, the date of the latest actuarial review, the actuarial value of the assets of the plan exceeded the actuarial liabilities by \$40,529,000 (\$1.19 per share). No amount of this surplus is recorded in the financial statements.

The two principal legal issues relating to the Bank's entitlement to the surplus in the Bank's employee pension plan were directed by the courts to be tried separately. In relation to the first issue, the Supreme Court of B.C. determined that the Bank, under the terms of the

1969 Trust and plan, did not irrevocably alienate its interest in the pension fund. The decision was upheld by the B.C. Court of Appeal in 1990 and leave to appeal was denied by the Supreme Court of Canada in 1991.

In relation to the second issue, the Supreme Court of B.C. determined in 1993, in effect, that the Bank was entitled to the whole of the surplus and dismissed all other claims to the surplus or against the Bank. This decision was also appealed to the B.C. Court of Appeal and the hearing was adjourned in June 1994 to allow time for the parties to consider a decision released by the Supreme Court of Canada in Schmidt v. Air Products. The Schmidt v. Air Products decision is generally favourable to employees with respect to entitlement to pension surpluses and raises a question as to the correctness of the previous decision of the B.C. Court of Appeal in relation to the first issue. The Bank took the position on the resumed hearing of the appeal in October 1994 that the decision of the B.C. Court of Appeal on the first issue was final and conclusive between the parties and is not affected by the later decision of the Supreme Court of Canada in Schmidt v. Air Products. The Court has not yet released its ruling and the outcome of the appeal and any further appeal is uncertain at this time.

If the 1993 decision in the Bank's favour is upheld, subject to the possibility of a further appeal to the Supreme Court of Canada, the amount of further distributions will be approximately \$1.72 per share of which the pension surplus would represent approximately \$1.19 per share and the liquidation value of the Bank's other remaining assets would represent approximately \$0.53 per share. If the Bank ultimately loses the appeal, it will have no right to the pension surplus of \$1.19 per share.

A further important issue is whether the Bank will be required to make up contributions to the pension plan amounting in the aggregate to approximately \$5 million which, based on advice from actuaries that the plan was in surplus, were not made in 1983, 1984 and 1985. If the Bank is ultimately directed by the courts to make such payments, the amount required, together with any interest that may be awarded, would reduce substantially or possibly eliminate entirely any further distributions. No provision has been made in these financial statements for any such amounts.